

Green Accounting: Concept, Theory, Regulation, and Implementation in Indonesia

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Abstract: The pressing need for environmental sustainability has led to the rise of green accounting as a new accounting framework that incorporates the management of environmental costs into corporate financial statements. This article offers an in-depth analytical review of the ideas, theoretical bases, regulations and policies, and the application of green accounting in Indonesia. Specifically, this article outlines: first, the mapping of the conceptual evolution of green accounting; second, an analysis of the theoretical foundations that support green accounting practices; third, a synthesis of theoretical integration into a diverse framework; fourth, a discussion of the evolution of green accounting regulations in Indonesia (1997–2025); and fifth, a recognition of the challenges and opportunities for the future advancement of green accounting. The conceptual evolution of green accounting is examined from various perspectives: (1) environmental cost perspective, (2) integration of accounting and environmental considerations, (3) accountability and disclosure perspective, (4) integrated accounting process perspective, and (5) sustainability and Sustainable Development Goals perspective. The theoretical analysis is founded on the following theories: Stakeholder Theory, Legitimacy Theory, Institutional Theory, Agency Theory, Signaling Theory, Triple Bottom Line, Resource-Based View (Natural Resource-Based View), and Institutional Complexity Theory. Green accounting in Indonesia has advanced notably in reaching sustainable development objectives, propelled by regulatory structures such as the PROPER initiative, the Financial Services Authority (OJK) Sustainable Finance Roadmap, and the Green Taxonomy along with Indonesian Sustainable Finance. Nonetheless, challenges in implementation persist, such as inadequate regulatory enforcement, low awareness among stakeholders, lack of standardized measurements, and capacity limitations for small and medium enterprises. Sustainable development in Indonesia has advanced notably, propelled by regulatory measures like the PROPER initiative, the OJK Sustainable Finance Roadmap, and the Green Taxonomy and Indonesian Sustainable Finance

Keywords: green accounting, environmental accounting, sustainability, PROPER, sustainable development goals

1. Introduction

In an era of globalization and massive industrial acceleration, environmental degradation has emerged as a critical issue requiring a transformative accounting response. Economic activities based solely on short-term profitability have been shown to generate negative externalities such as pollution, ecosystem damage, and greenhouse gas emissions, all of which threaten biosphere sustainability (Bebbington & Larrinaga, 2014). In this context, accounting, as a discipline that records, measures, and reports economic activity, must expand beyond the confines of traditional financial reports. According to Gray (2010), sustainability accounting is the process of identifying, measuring, and communicating information about the social and environmental effects of economic decisions to relevant stakeholders. Meanwhile, Schaltegger & Burritt (2017) distinguish between environmental management accounting (EMA)—which is internally oriented for managerial decision-making—and environmental financial accounting, which focuses on external reporting.

Green accounting, also known as environmental accounting or environmental management accounting (EMA), is the accounting profession's response to these sustainability issues. D'Amore et al. (2025) examined thematic evolution over two decades (2005–2024) and discovered that, while the two terms are frequently used interchangeably, environmental accounting and sustainability accounting have distinct thematic evolutions and theoretical roots. Environmental accounting is more closely related to institutional theory and structuration theory, whereas sustainability accounting emphasizes integrated reporting and multiple capital frameworks.

Given Indonesia's position as the world's third-largest biodiversity country and a significant global contributor to carbon emissions, there is an increasing urgency to implement green accounting. The government's serious commitment to incorporating environmental considerations into corporate practices is reflected in a series of strategic policies, beginning with the PROPER program (2003) and continuing with the Financial Services Authority (OJK) Sustainable Finance Roadmap (2015–2025) and the launch of the Indonesian Sustainable Finance Taxonomy (TKBI 2024). The TKBI, which was introduced by the OJK in February 2024 as

an update to the Indonesian Green Taxonomy (THI 2022), divides economic activities into three categories (Green, Transitional, and Non-Eligible), which serve as the foundation for green financing and national sustainability reporting (OJK, 2024).

Despite increasing regulatory momentum, research on green accounting in Indonesia remains fragmented, with no comprehensive map connecting conceptual-theoretical dimensions to the reality of implementation on the ground. This study aims to: (1) map the conceptual development of green accounting; (2) analyze the theoretical basis supporting green accounting practices; (3) synthesize theoretical integration into an eclectic framework; (4) discuss the development of green accounting regulations in Indonesia (1997-2025); and (5) identify challenges and opportunities for the future development of green accounting. This study is expected to provide a comprehensive analytical framework that can be used by academics, practitioners, regulators, and policymakers.

2. Conceptual Development of Green Accounting

Green accounting lacks a single, universally agreed-upon definition, reflecting its complexity and multidimensionality. The term "green accounting" lacks a single, universally agreed-upon definition in the literature. Various academics, institutions, and practitioners define it from different perspectives, depending on their respective scientific contexts, disciplines, and interests. This diversity of definitions reflects the richness and breadth of the concept. Here are some definitions from different perspectives: (1) the environmental cost perspective, (2) the accounting and environmental integration perspective, (3) the accountability and disclosure perspective, (4) the integrated accounting process perspective, and (5) the sustainability and SDGs perspective.

First, the simplest definition of green accounting is the internalization of environmental costs. According to Ikhsan (2008), "green accounting" refers to the inclusion of environmental costs in the accounting practices of businesses or government agencies. Environmental costs are the financial and non-financial costs associated with activities that have an impact on environmental quality. Furthermore, Kusumaningtyas (2013) defines green accounting as the identification, measurement, assessment, and disclosure of costs associated with a company's environmental activities. According to the EPA (US Environmental Protection Agency, 1995), green accounting management is the identification, prioritization, quantification or qualification of environmental costs, and their incorporation into business decisions. Green management accounting uses data on environmental costs and performance for business decisions, collecting production, inventory, and waste costs, as well as performance data, into the accounting system for planning, evaluation, and control (Özyürek, 2024).

Second, the definitional approach from an accounting and environmental integration standpoint fully incorporates environmental benefits and costs into the business decision-making process. According to Uno (2004), green accounting, also known as environmental accounting, is the incorporation of environmental benefit and cost information into various accounting practices, as well as the inclusion of environmental costs into business decisions. According to Nasir et al. (2023), green accounting is a methodology that takes into account environmental and social costs and benefits when evaluating economic activities and their impact on sustainability. Green accounting generally includes elements like natural resource valuation, environmental impact quantification, assessing the social and economic implications of sustainability, and incorporating these factors into financial decision-making and policy processes.

Third, definitions from the accountability and disclosure perspectives emphasize green accounting's role as a stakeholder accountability tool. According to Endiana et al. (2020), green accounting refers to an accounting system that discloses environmental cost accounts. The disclosure of environmental activities and costs in a company's annual report gives financial statement users an overview of the company's environmental activities. Green accounting is accounting that discloses the costs associated with a company's environmental activities. Green accounting, as defined by Lako (2018), is an accounting system that explicitly identifies, measures, assesses, and reports the environmental impacts of an entity's economic activities with the goal of improving pro-environmental decision-making and promoting sustainable development.

Fourth, the integrated accounting process approach defines green accounting as the entire set of accounting processes that consider financial, social, and environmental factors in an integrated manner. According to Lako (2019), green accounting is an integrated process of recognizing, measuring, recording, summarizing, reporting, and disclosing financial, social, and environmental objects, transactions, or events within the accounting process in order to produce comprehensive, integrated, and relevant financial, social, and environmental accounting information that can be used by users in economic and non-economic decision-making and management. Furthermore, Lako (2019) emphasizes that green accounting is a new branch of accounting with a much broader definition and scope than social accounting, environmental accounting, social and environmental accounting, and even sustainable accounting. Green accounting is grounded in spiritual values. Its objectives encompass all phenomena, objects, realities, actions, or transactions inherent in or occurring within the universe and the human environment.

Fifth, the sustainability and SDGs perspective approach defines green accounting in terms of achieving sustainable development and meeting the SDGs. According to Sundarasan et al. (2024), environmental accounting, also known as green accounting, has emerged as a valuable tool for incorporating sustainability into corporate finance practices. Sundarasan et al. (2024) also emphasized the importance of standardizing reporting protocols and incorporating environmental factors into financial decision-making to improve sector-wide transparency, accountability, and sustainability. Green accounting promotes better environmental performance and encourages businesses to integrate sustainable practices into their operations.

3. Theoretical Basis Supporting Green Accounting Practices

3.1. Stakeholder Theory

The most fundamental theory for understanding green accounting is Freeman's Stakeholder Theory (1984). It states that companies have obligations not only to shareholders, but also to all stakeholders, such as employees, suppliers, local communities, creditors, and other parties who influence or are influenced by the company's operations. In the context of green accounting, this premise becomes extremely important. Local communities affected by industrial pollution, environmentally conscious consumers, institutional investors prioritizing ESG criteria, and regulators enforcing environmental standards are all stakeholders who seek transparent and accountable environmental information.

According to Stakeholder Theory, companies must meet the expectations of various stakeholder groups. To resolve potential conflicts of interest among diverse stakeholders, companies identify their environmental information needs as part of stakeholder management. Environmental information is critical for many stakeholders because business activities have a significant impact on both the environment and the stakeholders themselves.

The empirical implications of this theory for Indonesian green accounting research are substantial. Companies with a strong ESG institutional investor base, particularly foreign investors and pension funds, have significantly higher-quality and more comprehensive green accounting disclosures than those with concentrated ownership. This reflects management's response to different stakeholder pressures and expectations (Freeman et al., 2010; Donaldson & Preston, 1995).

3.2. Legitimacy Theory

From a sociological standpoint, Suchman (1995) developed Legitimacy Theory in its entirety, and Deegan (2002) extensively applied it to social and environmental accounting. Suchman (1995) defines legitimacy as the widespread belief that an entity's actions are desirable, appropriate, or appropriate within a system of norms, values, beliefs, and definitions that are socially constructed. The idea of a social contract is central to this theory. Since this theory relies on perception, corrective actions must be accompanied by public disclosure in order to affect external parties. Publicly available corporate disclosures are therefore essential.

This theory explains a commonly seen phenomenon in the context of green accounting: businesses that encounter major environmental incidents (such as oil spills, river pollution, or mining accidents) typically significantly increase the volume and quality of their environmental disclosures following the incident. The legitimacy maintenance strategy used by businesses without a history of incidents is different from this legitimacy repair strategy. According to legitimacy theory, businesses must obtain public approval in order to justify their operations.

As a result, businesses use ESG reporting as a legitimacy tool to show that they adhere to investor expectations and social norms. However, detractors warn that legitimacy-driven disclosures may only be symbolic without meaningful operational changes, especially when viewed through the lens of critical accounting. According to Correa et al. (2023), reports that seem green do not always represent genuinely green practices; this is known as organized hypocrisy in sustainability reporting. This is referred to as the "risk of greenwashing" in the Indonesian context, and it presents a problem for the application of green accounting.

3.3. Institutional Theory

Institutional Theory, created by DiMaggio & Powell (1983), highlights why businesses in the same industry typically have uniform and convergent environmental reporting practices, whereas Legitimacy Theory explains why individual businesses adopt green accounting. Three isomorphic processes were identified by DiMaggio and Powell (1983): normative, mimetic, and coercive. They postulated the effects on isomorphic change of professionalization and structuring, goal ambiguity and technical uncertainty, and centralization and resource dependence. These three isomorphic mechanisms are easily recognized in the context of Indonesian green accounting.

The Ministry of Environment and Forestry's PROPER program, which compels businesses to implement environmental accounting practices, and Financial Services Authority (OJK) Regulation No. 51/2017, which

requires sustainability reporting for public companies, are two examples of coercive isomorphism. Normative isomorphism is facilitated by international standards (GRI, ISSB) and the accounting profession (IAI, IAPI), which establish "best practice" standards for the sector. Mimetic isomorphism, on the other hand, happens when businesses that are unsure about how to manage their environment copy the strategies of industry leaders who have received a Gold or Green PROPER rating.

According to institutional theory, an organization's external environment can exert pressure on its members to adopt particular behaviors. The external environment of the organization is called the institutional environment, and institutionalization happens when certain actors in this environment reciprocally typify behaviors that have become standard. This theory is crucial to comprehending why multinational firms in Indonesia have emerged as the most potent catalysts for the spread of green accounting among their local partners and rivals.

3.4. Agency Theory

Jensen and Meckling (1976) developed agency theory, which takes a microeconomic approach and focuses on internal governance mechanisms. This theory examines the consequences of separating ownership and control within a company. Jensen and Meckling (1976) combined elements of agency theory, property rights theory, and finance theory to create a theory of corporate ownership structures. They define the concept of agency costs, show how it relates to the issue of "separation and control," investigate the nature of agency costs generated by debt and external equity, and explain who bears them and why. Agency Theory, as applied to green accounting, explains that shareholders (principals) cannot directly observe all environmental management decisions made by managers (agents). Are managers truly allocating funds to pollution prevention? Are the reclamation costs accurately recorded? Is there any manipulation in environmental performance reporting to meet bonus targets? The relationship between principal and agent can result in information asymmetry because the agent knows more about the company than the principal.

High-quality green accounting disclosures, particularly those with assurance from an independent third party, can help to reduce information asymmetry. Investors and creditors can use audited environmental cost data to make better capital allocation decisions. The study's empirical findings show that companies with higher institutional ownership and better monitoring capabilities have higher-quality green accounting disclosures, which is consistent with Agency Theory predictions.

3.5. Signaling Theory

Spence (1973) developed the Signaling Theory, which focuses on how superior entities can effectively convey their quality to those who are unable to see them. According to Spence's (1973) original model, two parties can solve the issue of asymmetric information by having one send a signal to the other that provides pertinent information. After interpreting the signal, the recipient modifies its beliefs. Signals are behaviors or characteristics of market participants that, whether on purpose or accidentally, alter perceptions or provide information to other market participants..

Environmental quality signals are highly tangible and verifiable in the context of green accounting. A company must make significant investments in an environmental management system that goes above and beyond minimum regulatory compliance in order to receive a Gold or Green PROPER rating from the Ministry of Environment and Forestry, which is a powerful and expensive signal. A reliable indicator of the caliber of a business's environmental accounting system is a sustainability report that has been given reasonable assurance by a respectable public accounting firm. An international indicator of an environmental management system's maturity is ISO 14001 certification. Companies can use sustainability reporting as a tool to communicate with investors and stakeholders and promote favorable evaluations of their businesses.

This theory has empirical implications in Indonesia, where companies with Green or Gold PROPER have significantly higher Tobin's Q scores, reflecting market appreciation for environmental management quality signals sent through green accounting disclosures (Gresya & Surianti, 2024; Wimala & Sari, 2024).

3.6. Triple Bottom Line

The Triple Bottom Line (TBL), which sets guidelines for responsible corporate performance reporting, is more normative and prescriptive than the preceding five theories, which are more analytical and constructive in character. The term "people, planet, and profit" was coined by Elkington (1997) to characterize the triple bottom line, which can be a useful instrument in advancing sustainability objectives. A conceptual framework directly applicable to the design of corporate sustainability reports is offered by the TBL. The three TBL dimensions—the GRI 200 Series for economic performance, the GRI 300 Series for environmental performance, and the GRI 400 Series for social performance—are explicitly used to organize disclosures under the GRI Standards, the most extensively used sustainability reporting standards globally, including in Indonesia through POJK 51/2017. TBL

is therefore the architectural basis of the green accounting system that Indonesian businesses are currently using, rather than just an academic idea.

3.7. Resource-Based View (Especially the Natural Resource-Based View)

According to Barney's (1991) Resource-Based View (RBV), a company's competitive advantage is found in its internal resources and capabilities that are rare, valuable, hard to replicate, and non-replaceable. The Natural Resource-Based View (NRBV) put forth by Hart (1995) is the most pertinent evolution of the RBV for green accounting. A theory of competitive advantage based on a business's interaction with the environment was put forth by Hart (1995). Three interrelated tactics make up this theory: sustainable development, product stewardship, and pollution prevention. According to this viewpoint, an advanced green accounting system is a valuable and uncommon strategic capability rather than just a tool for regulatory compliance.

Businesses that use Material Flow Cost Accounting (MFCA) and Environmental Management Accounting (EMA) to more precisely identify, quantify, and manage environmental costs have a cost advantage that is hard for rivals to match. A company's relationship to the environment and social well-being determines the resources it needs to gain a sustainable competitive advantage. According to the NRBV, mature green accounting capabilities produce environmental cost effectiveness, green product innovation, and a premium reputation—all of which concurrently create a competitive advantage. This explains why top businesses like PT Unilever Indonesia and PT ANTAM choose to create green accounting systems that go above and beyond the bare minimum required by law.

3.8. Institutional Complexity Theory

The shortcomings of classical institutional theory, which tends to predict isomorphism without taking into account the fact that organizations frequently face pressures from multiple, conflicting institutional fields, led to the development of Institutional Complexity Theory by Greenwood et al. (2011). When it comes to green accounting, Indonesian businesses are subject to at least three frequently opposing sources of institutional pressure: (1) regulatory pressure from the Ministry of Environment and Forestry (KLHK) and the Financial Services Authority (OJK), which demands thorough environmental disclosures; (2) capital market pressure, which demands short-term profitability that may conflict with long-term green accounting investments; and (3) social pressure from local communities and environmental NGOs, which demands substantive, not just symbolic, accountability.

Businesses in Indonesia's mining and palm oil industries—two of the industries most closely monitored for environmental issues—face the most intricate institutional pressures. According to this theory, businesses' reactions to the demands of green accounting differ greatly: some respond substantively by actually incorporating environmental factors into business decisions, while others respond symbolically by creating visually appealing reports that don't actually reflect changes in operations. When conducting research that aims to explain the variation in green accounting quality among Indonesian companies, scholars must have a thorough understanding of this institutional complexity.

4. Theoretical Integration towards an Eclectic Framework

Eight complementary theoretical lenses that explain various aspects of the green accounting phenomenon can be used to comprehend the application of green accounting. The reasons why businesses reveal environmental information are explained by stakeholder theory and legitimacy theory. The formation of green accounting adoption patterns at the industry and inter-firm levels is explained by institutional theory and institutional complexity theory. The information mechanisms that connect green accounting to decisions made by creditors and investors are explained by agency theory and signaling theory. Green accounting can provide a sustained competitive advantage, as explained by the Resource-Based View and the Natural Resource-Based View. In the meantime, a normative framework for responsible corporate performance reporting is offered by the Triple Bottom Line.

According to D'Amore et al. (2025) and Sundarasan et al. (2024), an eclectic approach that incorporates these eight theories produces a far richer and more nuanced understanding than a monotheoretical approach, and is therefore better able to capture the full complexity of the green accounting phenomenon in the dynamic Indonesian context.

According to D'Amore et al. (2025), the sustainability reporting cluster was dominated by Stakeholder Theory and Legitimacy Theory, while the environmental accounting cluster was dominated by Institutional Theory between 2016 and 2024. Integrating these three theories into a single eclectic framework is the most analytically rich approach: institutional pressure (Institutional Theory) produces coercive isomorphism that propels the regulatory adoption of green accounting. The need to uphold legitimacy mediates how businesses

react to this pressure (Legitimacy Theory); ownership structure and information asymmetry have an impact on the caliber of the ensuing disclosures (Agency Theory).

The Resource-Based View (Barney, 1991; Hart, 1995) adds a competitive dimension: a sophisticated green accounting system is not simply a regulatory compliance tool but a strategic capability that creates competitive advantage through environmental cost efficiency, green product innovation, and a premium reputation. This perspective is supported by the findings of Sidarta et al. (2023) found that companies with mature green accounting implementation had significantly higher profitability than their peers.

5. Development of Green Accounting Regulations and Policies in Indonesia (1997–2025)

The development of green accounting regulations and policies in Indonesia is summarized in Table 1 below.

Table 1: Map of Green Accounting Regulations in Indonesia (1997–2025)

Year	Regulation/Policy	Institution	In Regard To
1997	UU No. 23 Tahun 1997 tentang Pengelolaan Lingkungan Hidup	Pemerintah RI	Legal basis for corporate environmental management and reporting obligations
2003	Program PROPER—Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan	KLHK	Environmental performance rating mechanism: Gold, Green, Blue, Red, and Black; key environmental performance proxies in research
2007	UU No. 40 Tahun 2007 tentang Perseroan Terbatas	Pemerintah RI	CSR obligations and socio-environmental responsibility reporting for natural resource companies
2009	UU No. 32 Tahun 2009 tentang Perlindungan dan Pengelolaan Lingkungan Hidup	Pemerintah RI	Strengthening environmental economic instruments; insurance and recovery guarantee fund obligations
2012	PSAK 33 Revisi—Akuntansi Pertambangan Umum	IAI	Standards for recording reclamation and post-mining environmental restoration costs
2015	Roadmap Keuangan Berkelanjutan Tahap I (2015-2019)	OJK	Establishment of Indonesia's sustainable finance policy framework; initiation of sustainable finance
2017	POJK No. 51/POJK.03/2017—Penerapan Keuangan Berkelanjutan	OJK	RAKB and Sustainability Reporting obligations for financial services institutions (FSIs), issuers, and public companies
2019	Roadmap Keuangan Berkelanjutan Tahap II (2021-2025)	OJK	Expansion of ESG disclosure; green bond and sustainable finance product framework
2022	Taksonomi Hijau Indonesia (THI) Edisi 1.0—klasifikasi 919 KBLI: Hijau, Kuning, Merah	OJK	Classification framework for environmentally friendly economic activities; reporting and financing basis
2022	Peraturan Presiden No. 111 Tahun 2022—Pelaksanaan Pencapaian SDGs	Presiden RI	Indonesia's 2030 SDGs targets; integration of SDGs into corporate policies
2023	UU No. 4 Tahun 2023—Pengembangan dan Penguatan Sektor Keuangan (UU P2SK)	Pemerintah RI	Legal definition of sustainable finance; mandated sustainable taxonomy by law
2024	Taksonomi Keuangan Berkelanjutan Indonesia (TKBI)—Versi 1, Sektor Energi (Feb 2024)	OJK	THI updates: Green, Transitional, and Non-Compliant classifications; TSC and SDT-based
2025	TKBI Versi 2—Tambahan Sektor	OJK	Expansion of the taxonomy to priority

Year	Regulation/Policy	Institution	In Regard To
	Konstruksi, Transportasi, AFOLU (Kehutanan, Kelapa Sawit)		NDC sectors; sectoral carbon accounting basis

Source: Compilation of various laws and regulations and policies of the OJK, KLHK, and the Indonesian Government

6. Structural Challenges And Strategic Opportunities

6.1. Structural Challenges

The Indonesian integrated green accounting implementation model faces a number of obstacles, including: First, there are limited domestic environmental accounting standards. The Indonesian Institute of Accountants (IAI) has not issued any PSAKs or ISAKs on green accounting. It only issues PSAK 33 (mining), which includes an environmental component. In the absence of domestic standards, companies' measurement and reporting approaches vary, reducing comparability. Second, there is insufficient enforcement of regulations. Although POJK 51/2017 requires sustainability reporting, the sanctions for companies that do not comply are relatively weak, resulting in a significant compliance gap. Third, MSMEs have limited capacity to implement green accounting. The majority of empirical research focuses on large public companies, leaving MSMEs, which employ 97% of Indonesia's workforce, largely unaffected by green accounting practices. Although the 2024 TKBI (Indonesian Green Accounting Standards) includes SDT for MSMEs, its implementation is still in the early stages. Fourth, there is a risk of greenwashing. Some businesses use environmental reporting as an image tool without implementing actual operational changes (symbolic legitimacy). This is referred to as organized hypocrisy in sustainability reporting by Correa et al. (2023). The fifth is the gap in accountant competency. The majority of Indonesian accountants are not proficient in EMA, MFCA, carbon accounting, or green assurance; this need to be filled through professional certification programs and curriculum reform (Pesci et al., 2023). When Nyakuwanika et al. (2024) examined EMA barriers in developing nations, they discovered that knowledge-based barriers—that is, a lack of expertise and understanding of EMA tools—were the most significant obstacles, followed by institutional and resource-based barriers.

6.2. Strategic Opportunities

In terms of opportunities, the momentum for green accounting development in Indonesia is extremely positive. The Enhanced NDC commitment (31.89% emission reduction by 2030), the expansion of the IDXCarbon ecosystem, the acceleration of green bond issuance (total issuance reaching IDR 8.5 trillion by 2023), and the digitalization of the economy all present significant opportunities. Di Vaio et al. (2025) predicted that blockchain technology, IoT, and AI would revolutionize the accuracy and efficiency of environmental impact measurement. Furthermore, Indonesia's planned adoption of the ISSB Standards opens up opportunities for standard harmonization, improving the international comparability of Indonesian companies' sustainability reports in the eyes of global investors.

7. Conclusion

The objectives of this study are to: (1) map the conceptual evolution of green accounting; (2) examine the theoretical underpinnings of green accounting practices; (3) synthesize theoretical integration into an eclectic framework; (4) discuss the development of green accounting regulations in Indonesia (1997–2025). (and (5) identifying structural challenges and strategic opportunities for green accounting in the future. Five perspectives can be used to explain the idea of green accounting: (1) internalizing environmental costs; (2) integrating accounting and the environment; (3) accountability and disclosure; (4) integrated accounting processes; and (5) sustainability and SDGs. The implementation of green accounting can be understood through eight theoretical lenses: Stakeholder Theory, Legitimacy Theory, Institutional Theory, Institutional Complexity Theory, Agency Theory, Signaling Theory, Resource-Based View (Natural Resource-Based View), and Triple Bottom Line. In Indonesia, the regulatory momentum started by the PROPER program (2003), was strengthened by the OJK Sustainable Finance regulation (2017), and accelerated by the Indonesian Green Taxonomy (2023), resulting in an increasingly favorable environment for the implementation of green accounting. However, implementation challenges remain significant, particularly in the MSME sector, as do limited domestic measurement standards and the risk of greenwashing. On the opportunity side, the momentum for the development of green accounting in Indonesia is very positive.

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